

Message Text

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ACTION OES-09

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INFO USMISSION GENEVA
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USDOEHQ WASHDC
USDOEHQ GERMANTOWN

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USIAEA

DEPT PASS IO/SCT
DOE PASS AMMONS, IA

E.O. 11652: GDS
TAGS: AORG, AFIN, IAEA
SUBJECT: IAEA PROGRAM AND BUDGET REVIEW

REFERENCE: STATE 162879

SUMMARY: LOCAL GENEVA GROUP HAS INITIATED ACTION
AIMED AT INVOLVING ITSELF MUCH EARLIER AND MUCH MORE
SUBSTANTIVELY IN IAEA'S PROGRAM AND BUDGET PROCESS,
WITH A VIEW TOWARD EXERCISING GREATER INFLUENCE IN
RESTRAINING BUDGETARY GROWTH AND AVOIDING LAST MINUTE
ILL-INFORMED ACTION BY THE BOARD OF GOVERNORS.
DETAILS FOLLOW BELOW. END SUMMARY.

1. AS DEPT WILL RECALL, IAEA EXPERIENCED CONSIDERABLE
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DIFFICULTY THIS YEAR IN GETTING ITS PROGRAM FOR
1979-84 AND BUDGET FOR 1979 APPROVED BY THE BOARD OF
GOVERNORS, DUE PRIMARILY TO THE UNFORTUNATE
CONVERGENCE OF THREE FACTORS: (1) THE MOVE TO THE NEW
HEADQUARTERS AT DONAUPARK; (2) A SUBSTANTIAL INCREASE
FOR THE SAFEGUARDS PROGRAM; AND (3) THE SHARP DECLINE
IN THE VALUE OF THE U.S. DOLLAR VERSUS THE AUSTRIAN

SCHILLING. ONLY AFTER A SERIES OF THREE REVISIONS - TWO OF THEM DURING THE PERIOD OF THE BOARD MEETING - INVOLVING CUTS TOTALLING \$5.7 MILLION, WAS THE DIRECTOR GENERAL ABLE TO GET HIS PROPOSED BUDGET FOR 1979 APPROVED. IT IS CLEAR TO MANY THAT THE AGENCY IS ALMOST CERTAINLY UNDERBUDGETED FOR ITS MOVE TO DONAUPARK NEXT YEAR.

2. DURING CONSIDERATION OF THE AGENCY'S PROGRAM FOR 1979-84 AND BUDGET FOR 1979 BY THE LOCAL GENEVA GROUP, IT WAS AGREED THAT IT WOULD BE DESIRABLE FOR THE GROUP TO INVOLVE ITSELF MUCH EARLIER AND MUCH MORE SUBSTANTIVELY IN THE AGENCY'S PROGRAM AND BUDGET PROCESS, WITH A VIEW TOWARD EXERCISING GREATER INFLUENCE IN RESTRAINING BUDGETARY GROWTH AND AVOIDING LAST MINUTE ILL-INFORMED ACTION BY THE BOARD. IT WAS RECOGNIZED THAT AGENCY SAFEGUARDS COSTS WOULD ALMOST CERTAINLY GROW CONSIDERABLY, PARTICULARLY OVER THE NEXT 3-4 YEARS. IT WAS FELT, HOWEVER, THAT IT SHOULD BE POSSIBLE TO IDENTIFY OTHER PROGRAM ACTIVITIES THAT COULD BE POSTPONED, REDUCED OR ELIMINATED TO OFFSET AT LEAST A PORTION OF THE ANTICIPATED HIGH SAFEGUARDS GROWTH, WHILE AVOIDING A SERIOUS IMBALANCE BETWEEN SAFEGUARDS AND NON-SAFEGUARDS ACTIVITIES, PARTICULARLY THOSE OF SPECIAL INTEREST TO DEVELOPING COUNTRIES.

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3. TO ACHIEVE THIS OBJECTIVE, IT WILL BE NECESSARY (AND WE THINK HIGHLY DESIRABLE) FOR THE LOCAL GENEVA GROUP TO BECOME MUCH MORE INVOLVED IN ANALYZING AND EVALUATING AGENCY PROGRAMS. BUDGET-TRIMMING WILL ALSO REQUIRE THE FULL COOPERATION OF THE VARIOUS NATIONAL TECHNICAL AGENCIES HAVING DIRECT INTERESTS IN MANY OF THE AGENCY'S NON-SAFEGUARDS PROGRAMS.

4. A FEW GENEVA GROUP MEMBERS (U.S.A., U.K., F.R.G., FRANCE, ITALY AND CANADA) MET RECENTLY TO CONSIDER WAYS OF APPROACHING THE MATTER. IT WAS GENERALLY AGREED THAT DISCUSSIONS WITH AGENCY SECRETARIAT SHOULD BE CONDUCTED IN THE FALL, WITH VIEW TO DEVELOPING PLANNING FIGURES FOR MAJOR COMPONENTS OF THE 1980 BUDGET, AS WELL AS CONVEYING VIEWS ON PARTICULAR ASPECTS OF THE AGENCY'S PROGRAM. THE SCIENTIFIC ADVISORY COMMITTEE WOULD HAVE AN OPPORTUNITY IN DECEMBER TO CONVEY ITS VIEWS RE THE PROGRAM CONTENT, AND IT WAS SUGGESTED THAT THE DIRECTOR GENERAL SHOULD PRESENT FOR FEBRUARY BOARD APPROVAL PRELIMINARY 1980 BUDGET FIGURES FOR MAJOR PROGRAM COMPONENTS. DETAILED CONSIDERATION AND DISCUSSIONS OF THE PROGRAM AND BUDGET WITHIN THIS

FRAMEWORK WOULD THEN TAKE PLACE AT THE ADMINISTRATIVE AND BUDGETARY COMMITTEE IN APRIL OR MAY AND AT THE BOARD IN JUNE.

5. IT WAS ALSO CONSIDERED DESIRABLE TO URGE THE SECRETARIAT TO PROVIDE EACH YEAR PRELIMINARY PROJECTIONS FOR THE FOLLOWING YEAR'S BUDGET (INSTEAD OF ONLY EVERY OTHER YEAR AS IS CURRENT PRACTICE) AND ALSO, IF POSSIBLE, TO PROVIDE ESTIMATED COST DATA IN CONSTANT DOLLARS FOR VARIOUS PROGRAM ACTIVITIES PROJECTED FOR 5 OR 6 YEARS INTO THE FUTURE. THIS

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WOULD ENABLE MEMBER STATES TO GAIN A BETTER OVERALL-PERSPECTIVE OF PROGRAM COSTS, PRESENT AND FUTURE. (ONE MIGHT WELL HESITATE TO START A PARTICULAR PROGRAM ACTIVITY, FOR EXAMPLE, IF IT IS APPARENT THAT IT IS LIKELY TO COST 3 OR 4 TIMES AS MUCH TO OPERATE IN 5 YEARS OR SO, AT A TIME WHEN SOME OTHER ACTIVITY OF GREATER IMPORTANCE AND HIGHER PRIORITY IS EXPECTED TO EXPAND AS WELL. AT PRESENT THERE IS NO WAY TO JUDGE THE POTENTIAL MEDIUM TO LONG-TERM BUDGETARY IMPACT RESULTING FROM PROGRAM ACTIVITIES.)

6. U.S., U.K., AND F.R.G. REPS PRESENTED THESE IDEAS TO DDG HALL AND THE DIRECTOR OF THE DIVISION OF BUDGET AND FINANCE AUGUST 2. HALL APPEARED GENERALLY RECEPTIVE TO THE PROPOSAL FOR MORE ACTIVE INVOLVEMENT

OF THE LOCAL GENEVA GROUP IN THE AGENCY'S BUDGETARY PROCESS, ALTHOUGH HE SAID HE WOULD HAVE TO CONSULT WITH THE DIRECTOR GENERAL ABOUT THE SUGGESTION THAT THE FEBRUARY BOARD BE ASKED TO REACH AGREEMENT IN PRINCIPLE ON AN OVERALL BUDGETARY FIGURE (PERHAPS BROKEN DOWN IN CONFIDENTIAL

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BORAD CATEGORIES) FOR THE FOLLOWING YEAR. HE SAID THERE SHOULD BE NO RPT NO PROBLEM IN PROVIDING BUDGET PROJECTIONS EACH YEAR FOR THE FOLLOWING YEAR, INSTEAD OF DOING THIS ONLY EVERY OTHER YEAR AS IS NOW THE PRACTICE. HE ALSO AGREED ON THE POSITIVE ASPECTS OF PROVIDING LONGER-TERM COST PROJECTIONS IN CONSTANT DOLLARS.

7. IN ADDITION, HALL MENTIONED THAT THE SECRETARIAT WAS IN THE MIDST OF SERIOUS AND DIFFICULT NEGOTIATIONS WITH THE AUSTRIAN GOVERNMENT ON THE QUESTION OF WHO IS RESPONSIBLE FOR "MAJOR REPAIRS" AT THE DONAUPARK FACILITIES, THE OUTCOME OF WHICH COULD HAVE A VERY SIGNIFICANT BUDGETARY IMPACT ON THE AGENCY, AND THAT IT MIGHT BE NECESSARY TO CALL UPON CERTAIN MEMBER STATES FOR SUPPORT IN RESOLVING THIS ISSUE.

8. IT WAS LEFT THAT DDG HALL WOULD CONSULT WITH DIR GEN EKLUND ON THE LOCAL GENEVA GROUP INITIATIVE, PARTICULARLY ON THE QUESTION OF FEBRUARY BOARD ACTION, AND GET BACK WITH THE GROUP FOR FURTHER DISCUSSIONS, PROBABLY IN EARLY SEPTEMBER. FOLLOWING THAT MEETING, IT IS OUR INTENTION TO CONVENE THE WHOLE LOCAL GENEVA GROUP TO REPORT ON THESE DISCUSSIONS AND TO TAKE APPROPRIATE ACTION TO LAUNCH THE EFFORT.

9. MISSION WILL REPORT FURTHER DEVELOPMENTS. KIRK

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